

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES
BOARD OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

MINED LAND RECLAMATION AGREEMENT
(ESCROW)

THIS AGREEMENT, made and entered into this 25 day of September, 1980, between Rio Algom Corporation, a corporation duly authorized and existing under and by virtue of the laws of the State of Delaware as party of the first part, and hereinafter called the Operator, and the Board of Oil, Gas, and Mining, duly authorized and existing by virtue of the laws of the State of Utah as party of the second part, hereinafter called the Board.

W I T N E S S E T H :

WHEREAS, the Operator is the owner of the Lisbon Mine on extensive owned and leased mining claims in portions of Sections 21, 22, 27 and 28, Township 29 South, Range 24 East, SLBM, San Juan County, Utah.

WHEREAS, the Operator did in August, 1976 file with the Division of Oil, Gas, and Mining, a "Notice of Intention to Commence Mining Operations" and a "Mining and Reclamation Plan" to secure authorization to engage, or continue to engage, in mining operations in the State of Utah, under the terms and provisions of the Mined Land Reclamation Act, Section 40-8-1, et seq., UCA, 1953; and whereas the Mining and Reclamation Plan was revised on the 24th of June, 1977 and refiled with the Division of Oil, Gas, and Mining; and whereas the Mining and Reclamation Plan was revised again on the 13th day of August, 1980 and refiled with the Division of Oil, Gas, and Mining.

WHEREAS, the Operator and the Board did in November, 1979 execute a Mined Land Reclamation Agreement and an Escrow Agreement covering reclamation of the mill site but excluding reclamation of the two mine shafts.

WHEREAS, the Operator is able and willing to reclaim the above-mentioned mine shafts in accordance with the approved mining and reclamation plan, the Mined Land Reclamation Act and the rules and regulations adopted in accordance therewith.

WHEREAS, the Board has considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, type and costs of the approved reclamation activities planned for the lands affected.

WHEREAS, the Board is cognizant of the nature, extent, duration of operations, and the fact that the Operator has chosen not to obtain a surety bond.

NOW, THEREFORE, for and in consideration of the mutual covenants of the parties by each to the other made and herein contained, the parties hereto agree as follows:

1. The Operator promises to reclaim the lands affected in accordance with the approved Mining and Reclamation Plan, the Mined Land Reclamation Act, and the rules and regulations adopted in accordance therewith.
2. The Operator, in lieu of posting a bond or other surety hereby agrees to deposit Three Thousand, Six Hundred and Seventy-Six Dollars (\$3,676.00), commencing on the 1st day of October, 1980, and on the same date each year thereafter, in what will be hereinafter referred to as the Escrow Fund, until such time as said Escrow Fund contains Twenty-Five Thousand, and no/100 Dollars (\$25,000.00), or such lesser amount provided for by paragraph 4 herein.

3. Interest received by the Escrow Fund shall be deposited to the credit of the Escrow Fund as earned. After the total amount, including principal and interest accruing to the Fund, on deposit in the Escrow Fund reaches Twenty-Four Thousand, One Hundred and Sixty-Seven Dollars (\$24,167.00), or such lesser amount provided for by paragraph 4 herein, then annual payments shall cease and all interest earned by the Escrow Fund shall be paid or transferred to the Operator.
4. If prior to the termination of the expected life of the facility, the Operator completes any work which is required to be performed pursuant to the approved Notice of Intent and Reclamation Plan, then the total amount required to be deposited in the Escrow Fund shall be reduced by the cost of such work as indicated by an accounting of costs for the work supplied to the Board by the Operator. Allowance shall be made for inflation of the cost of said work from the time that said work was performed to the end of the 5 year period. Credits for reclamation work done prior to the contract term shall only be applied to the total amount of the Escrow Fund, not to annual payments which will remain the same.
5. If the subject mining operations terminate prior to the time anticipated in the Mining Application filed with the State of Utah, Department of Natural Resources, then the Operator will be responsible for implementation of the reclamation work in accordance with its approved Reclamation Plan, but will not be obliged to make any further deposits to the Escrow Fund under this agreement, after the termination date of such operations unless the total amount contained in the fund is not sufficient to complete the remaining reclamation work.
6. After termination of mining operations on the subject property the Operator shall be entitled to withdraw or transfer monies from the Escrow Fund, including the allowance for inflation, for all that work completed in compliance with the Reclamation Plan and approved by the Board. The amounts to be withdrawn or transferred from the Escrow Fund shall be determined by certified itemized receipts for expenditures presented to the Division of Oil, Gas, and Mining for the cost of such work as incurred by the Operator and the inflation thereon. A certificate made by the Operator as to completion of the reclamation work described under each of the operations listed in the attached surety estimate labeled attachment one and dated August 20, 1980 shall be delivered to the Board within fifteen (15) days of completion of said work. The Board shall cause an inspection to be made of the completed work within fifteen (15) days of receipt of the certificate of completion, weather conditions permitting, and shall inform the Operator within fifteen (15) days of the inspection that the work has or has not achieved the objectives of reclamation defined in Section 40-8-12 of the Utah Mined Land Reclamation Act. No portion of the Escrow Fund shall be withdrawn or transferred unless all reclamation efforts which are technologically practicable in the opinion of the Board, have been made by the Operator to achieve the reclamation objectives with respect to the work described in each monthly

certificate. Written communications (from the Board) that said technologically practicable efforts have been made by the Operator shall be sole authorization for monies to be in part transferred or withdrawn from the Escrow Fund. After the completion of all work required by the Reclamation Plan, the Mined Land Reclamation Act and the rules and regulations adopted in accordance therewith, the Board agrees to give notice of termination of the Escrow Agreement to the Escrow Agent and to authorize repayment to the Operator of any deposit balance in excess of the actual reclamation expenditures.

7. The Board, in lieu of the posting of a bond or other surety, agrees to execute an Escrow Agreement with the Operator and any third party designated by said Operator.
8. Upon execution of the Escrow Agreement, the Operator agrees to furnish or to have the Escrow Agent furnish the Board with a copy of each receipt of deposit within ten (10) days of the date upon which the deposit is required to be made.
9. The Board and the Operator agree that failure by the Operator to make a deposit into the Escrow Fund within two (2) months of the date upon which such deposit is required, shall constitute a Breach of Contract and the Board may, after notice and hearing, declare all monies in the Escrow Fund forfeited and request the Attorney General to take the necessary legal actions to enjoin further mining activities by the Operator in the State of Utah.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this 25 day of September, 1980.

By: M. Hante

Operator

Approved as to Form:

Dennis A. Drayton
Assistant Attorney General

By: B. P. Henderson

Board of Oil, Gas, and Mining

STATE OF UTAH)

) ss.

COUNTY OF)

On this 22 day of September, 1980, personally appeared before me M. D. Lawton, who being by me duly sworn did say that he is the President of Rio Algom Corporation, a Delaware Corporation, and that the foregoing instrument

was signed in behalf of said corporation by authority of its Board of Directors, and said M. D. Lawton acknowledged to me that said corporation executed the same.

William B. Freeman
NOTARY PUBLIC
Residing in Monticello, Utah

My Commission Expires:

August 1, 1984